

EXHIBIT 1

INTRODUCTION

Respondent “No on Prop A” (the “Committee”) was a local ballot measure committee primarily formed on January 31, 2001 to oppose Proposition A in the March 2001 election held in the City of West Hollywood. Respondent Rodney Scott served as the treasurer of Respondent Committee. In this matter, Respondents failed to timely file a semi-annual campaign statement by July 31, 2001, for the reporting period February 18 through June 30, 2001.

For the purposes of this stipulation, Respondents’ violation of the Political Reform Act (the “Act”)¹ is stated as follows:

Respondents No on Prop A and Rodney Scott failed to file a semi-annual campaign statement by July 31, 2001, for the reporting period February 18 through June 30, 2001, in violation of Government Code section 84200, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 82013, subdivision (a) defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient” committee. Section 82047.5 defines a primarily formed committee as a recipient committee that is formed or exists primarily to support or oppose a single measure.

A recipient committee is required to file periodic campaign statements disclosing contributions received and expenditures made by the committee. Section 84200 requires recipient committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year. A recipient committee may terminate its obligation to file periodic campaign statements by filing a statement of termination (Form 410). (Section 84214; Regulation 18404.)

Under section 84100 and regulation 18427, subdivision (a), it is the duty of a

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds, are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent No on Prop A was a ballot measure committee primarily formed on January 31, 2001 to oppose Proposition A in the City of West Hollywood election held in March 2001. Respondent Rodney Scott served as the treasurer of Respondent Committee. Proposition A was an unsuccessful measure that proposed requiring local bars to provide free condoms to its patrons. This matter arose out of a referral from the office of the West Hollywood City Clerk.

As a recipient committee, Respondent Committee had a duty to file a semi-annual campaign statement by July 31, 2001 for the reporting period February 18 through June 30, 2001. On June 25, 2001, the office of the West Hollywood City Clerk sent a letter to Respondents notifying them of their obligation to file a semi-annual campaign statement by July 31, 2001. However, Respondents did not file the required campaign statement by the July 31, 2001 due date. On August 6, 2001, the city clerk's office sent a letter to Respondents notifying them that the semi-annual campaign statement had not been received. After receiving no response to the August 6, 2001 letter, on September 5, 2001, the city clerk's office sent a second letter to Respondents notifying them that the semi-annual campaign statement still had not been received. After receiving no response to the two letters, on October 8, 2001, the city clerk's office referred the matter to the Commission.

On February 27, 2002, Commission Investigator Charlie Bilyeu spoke with Kindee Durkee, a professional treasurer who performs accounting services for Respondents, and advised her to file the semi-annual campaign statement. On March 5, 2002, Respondents filed the delinquent campaign statement. On the semi-annual campaign statement, Respondents disclosed that they received contributions totaling \$5,700, and made expenditures totaling \$13,000. Upon filing the delinquent campaign statement, Respondents paid a late filing penalty of \$2,120 to the city clerk's office.

By failing to file a post-election semi-annual campaign statement by July 31, 2001, for the reporting period February 18 through June 30, 2001, Respondents violated section 84200, subdivision (a).

CONCLUSION

This matter consists of one count of violating section 84200, subdivision (a), which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000).²

However, for violations occurring after January 1, 2001, the typical stipulated

² On January 1, 2001, the maximum administrative penalty amount increased from Two Thousand Dollars (\$2,000) to Five Thousand Dollars (\$5,000) for violations occurring after that date.

administrative penalty for failing to timely file a post-election semi-annual campaign statement has ranged from \$1,500 to \$2,500. In this matter, as Respondents have already paid a significant late filing penalty to the West Hollywood City Clerk, imposition of an administrative penalty that is somewhat less than the normal penalty range is appropriate.

Accordingly, the facts of this case justify imposition of the agreed upon penalty of One Thousand Dollars (\$1,000).